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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 004080

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SUBJECT: CROSS-STRAIT RELATIONS UNAFFECTED BY U.S. ARMS SALES, OBSERVERS SAY

REF: A. BEIJING 4029
 1B. BEIJING 3888

Classified By: Political Minister Counselor
Aubrey Carlson. Reasons 1.4 (b) and (d).

SUMMARY

11. (C) U.S. arms sales to Taiwan will have little impact on cross-Strait relations, according to Embassy contacts, with Beijing choosing to "blame" Washington, rather than Taipei. In recent meetings with PolOffs, Chinese observers expressed differing views of U.S. intentions, with some arguing that concerns over the pace of cross-Strait rapprochement were a factor behind the sales. Embassy contacts were divided over whether the U.S. decision helps Taiwan President Ma Ying-jeou domestically, even as they agreed the weapons sales demonstrate improved Washington-Taipei ties. Any PLA reaction to the sales in the form of increased deployments or budgets is "highly unlikely," contacts emphasized, but one PLA-affiliated scholar worried the sales announcement "complicates" Chinese discussions over possible reductions in PLA missile deployments. End Summary.

"NO EFFECT" ON CROSS-STRAIT RELATIONS

12. (C) Embassy contacts have clearly downplayed the impact on the bilateral U.S.-China relationship of the October 3 announcement that the U.S. intends to sell a USD 6.4-billion arms package to Taiwan (refs A and B). On cross-Strait relations, contacts have been even more emphatic, arguing there will be no direct effect on improving Beijing-Taipei ties. (Note: Perhaps as proof of this argument, the arms sales issue was not raised at the October 15 Taiwan Affairs Office (TAO) regular press briefing, even though it was the first TAO briefing held after the October 3 announcement. The TAO spokesman confirmed on October 15 that Association for Relations Across the Strait (ARATS) President Chen Yunlin's November 3-7 visit to Taiwan will proceed "as scheduled.")

13. (C) Tao Wenzhao (protect), Senior Fellow in the Chinese Academy of Social Sciences' (CASS) Institute of American Studies, told PolOff October 14 that the Chinese Government absolutely does not want the arms sales decision to disrupt progress in cross-Strait relations. China places "great importance" on the upcoming Chen Yunlin visit to Taiwan, Tao emphasized, which Beijing hopes will represent a "major breakthrough." Beijing-based diplomats from Canada, New Zealand, Japan, Singapore, Australia and the EU told PolOff on October 13 that they have received a "consistent message"

from their Chinese interlocutors: recent progress in cross-Strait relations will not be affected by the U.S. arms sale decision.

¶4. (C) The arms sales signaled an improvement in U.S.-Taiwan relations and a momentary disruption in U.S.-China relations, but that does not mean that cross-Strait relations will be harmed, Guo Zhenyuan (protect), senior researcher at the MFA-affiliated China Institute of International Studies (CIIS), told PolOff on October 15, predicting there will be "no effect" on cross-Strait relations. China typically does not focus its ire over arms purchases on Taiwan as much as on the country selling the weapons, Guo said. Guo thought the timing of the notification was "very good," because if the sales had been announced closer to ARATS President Chen Yunlin's trip to Taiwan, Beijing might have been under pressure to postpone. Guo conceded that some Chinese scholars see any change in one leg of the U.S.-China-Taiwan triangle as having an impact on the other two, but Guo stated he disagrees with such thinking.

WASHINGTON, NOT TAIPEI, IS TO "BLAME"

¶5. (C) In an effort to ensure that cross-Strait relations are not harmed, Beijing has decided to "blame" Washington, not Taipei, for the arms sales, according to several Embassy contacts. Niu Xinchun (protect), Deputy Director of the Center for Taiwan-Related Studies at the MSS-affiliated China Institutes of Contemporary International Relations (CICIR), told PolOff October 10 that Beijing has decided to paint the

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United States as "the bad guy" and not allow Washington's decision to affect PRC ties with Taiwan. ARATS President Chen Yunlin's visit to Taiwan will "definitely" go forward, Niu declared. Zhang Tuosheng (protect), Director of the Institute of Foreign Policy Studies at the PLA-affiliated think tank China Foundation for International and Strategic Studies (CFIIS), told PolOff October 20 that he was initially concerned the weapons sales would "cause problems" for cross-Strait relations, but the TAO spokesman's statement that Chen Yunlin's visit will proceed as scheduled was a "clear signal" that Chinese leaders will "blame the United States," not Taiwan President Ma Ying-jeou. There was likely a "back-channel" message sent from Beijing to Taiwan protesting the purchase, according to Zhou Zhihuai (protect), Vice Chairman of the National Society of Taiwan Studies (NSTS), who emphasized to PolOff on October 17 that China does not want to have a "public row" with Taiwan over the issue.

DEBATING U.S. INTENTIONS

¶6. (C) As reported ref B, Chinese interlocutors continue to ascribe various motivations to the U.S. decision on the arms sales, with some observers believing that concern over the fast pace of cross-Strait rapprochement was one consideration. For example, CICIR's Niu said Chinese scholars are "evenly divided" between those who think the United States welcomes improved cross-Strait ties and those who think Washington opposes them and might use arms sales to slow down progress. CIIS's Guo said most Chinese believe the United States is "unhappy" with improving cross-Strait relations, with the arms sales decision "confirming" this view. Guo noted that the "real situation," of course, is far more complex. The United States is "obviously pleased" that tensions have decreased in the Strait since President Chen Shui-bian's departure, Guo said, relating that his analysis is that Washington does not want to be "cut out" of cross-Strait discussions. Thus, the desire to continue playing a "major role" in the cross-Strait issue was likely a "significant factor" behind Washington's decision, Guo argued.

WAS MA YING-JEOU HARMED OR HELPED BY THE SALES?

17. (C) Our Chinese scholar contacts were divided over whether the U.S. decision helps Taiwan President Ma Ying-jeou domestically, even as they agreed the weapons sales demonstrate improved Washington-Taipei ties. CASS's Tao Wenzhao assessed that the U.S. arms sales decision is an "important symbol" of the improvement in ties between Washington and Taipei, which will inevitably help President Ma Ying-jeou, who has made improving relations with Washington one of his top priorities. The United States, in addition to wanting to "close out" some of the pledges made at the beginning of the Bush Administration, also hoped to boost U.S.-Taiwan ties by responding positively to the arms requests from President Ma Ying-jeou's administration, Tao assessed. In fact, Tao argued, if Washington had not agreed to sell the weapons, Ma Ying-jeou surely would have come under heavy criticism from the DPP, only further weakening his current position.

18. (C) CIIS's Guo agreed that Washington-Taipei ties were improved by the sale, but he was unsure how much that would strengthen Ma domestically in Taiwan. Security and international space issues are not as important to Ma Ying-jeou's approval ratings as the performance of Taiwan's economy. (NOTE: Guo said he remains critical of Ma, particularly his penchant for publicly setting timelines for progress in cross-Strait relations, which only "puts pressure" on the Mainland. Ma is, however, "predictable," "opposes" Taiwan independence and does not "purposely" cause trouble, Guo remarked, so he is "far better" for the Mainland to work with than Chen Shui-bian was.) CICIR's Niu said that, "in reality," Taiwan arms sales have both positive and negative effects. The United States emphasizes the "positive" impact such sales have on increased Taiwan "confidence," while the Mainland fears the "negative" impact of strengthening Taiwan's "independence" and its ability to "challenge" the Mainland, Niu asserted.

19. (C) Yu Keli (protect), President of CASS's Institute of Taiwan Studies, argued to PolOff October 26 that the arms sales are "bad" for Ma Ying-jeou's standing domestically in

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Taiwan. Most people in Taiwan are "happy" to see improvements in cross-Strait relations and are most concerned with the island's economic troubles. Therefore, many question the decision to spend "so much money" on weapons, Yu claimed. Ma made the arms sales request primarily for "political reasons," namely to reduce criticism and pressure from the Democratic Progressive Party (DPP) and to improve relations with the United States. Regardless, Ma will not get what he hopes for in terms of a boost in his domestic approval ratings, Yu predicted.

PLA DEPLOYMENT OR BUDGET REACTION UNLIKELY

110. (C) Embassy contacts were overwhelmingly skeptical that any "consequences" of the arms sales would include an increase in PLA missile deployments across from Taiwan or larger Chinese defense budgets, as one academic contact previously predicted (ref B). CASS's Tao said that any additional PLA missile deployments (which he claimed have not increased since Ma Ying-jeou's March 2008 election) would be damaging to cross-Strait relations, which China does not want to see. CICIR's Niu Xinchun separately agreed, saying he does not think the PLA will be able to take steps to deploy more missiles or increase its budget in response to the sales, as Taiwan is a "political issue," as well as a matter of "face" and legitimacy for the PRC regime, not a military problem. Niu's boss, Sun Keqin, Director of CICIR's Center for Taiwan-Related Studies, nevertheless cautioned that the PLA has a "great deal of influence" and "feels the most pressure" from the arms sales. While an actual PLA response may be "unlikely," the weapons sale nonetheless provides

"justification" for deployments opposite Taiwan and "strengthens the PLA's hand" in internal debates over Taiwan, Sun asserted.

¶11. (C) CIIS's Guo concurred that the number of PRC missiles across from Taiwan will not increase as a result of the arms sales, arguing that such deployments are linked to "cross-Strait developments and Taiwan independence moves," not U.S. weapons sales. Guo expected the Chinese military will attempt to use the arms sales decision to argue for increased budgets or additional deployments, but he "doubted" such requests would be approved by the PRC leadership. Militaries around the world "always" try to justify increased budgets, Guo said, noting that the PLA is "no different."

¶12. (C) Zhang Tuosheng of the PLA-affiliated think tank CFISS took a different tack in addressing likely PLA responses, focusing instead on what he called the possible "opportunity costs" of the weapons sales. Zhang argued that, even though missile deployments across from Taiwan are unlikely to increase, recent discussions within China have been over when, and to what extent, PLA missile deployments should be decreased. Therefore, the U.S. arms sales "complicate" and make "more difficult" consideration of these possible reductions, Zhang claimed.

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